

REDACTED – FOR PUBLIC INSPECTION

June 26, 2014

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, DC 20554

Received & Inspected

JUN 30 2014

FCC Mail Room

**Re:** *In the Matter of ETC Annual Reports and Certifications, Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing a Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform – Mobility Fund, WC Docket Nos. 14-58, 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208*

Dear Ms. Dortch:


On behalf of The Champaign Telephone Company ("Champaign"), please find enclosed two copies of Champaign's FCC Form 481, along with the redacted versions of the Confidential Financial Information.

Also enclosed are copies of Champaign's redacted five-year service quality improvement plan.

One copy of the FCC Form 481, containing Confidential Financial Information, is being filed under separate cover.

Please do not hesitate to contact me at (402) 441-4315 if you have any questions regarding this submission.

Respectfully submitted,

  
Jessica Meyer  
Consultant  
Consortia Consulting, Inc.

No. of Copies rec'd 0+1  
List ABCDE



FCC Form 481 - Carrier Annual Reporting  
Data Collection Form

FCC Form 481  
OMB Control No. 3060-0966 / OMB Control No. 3060-0819  
July 2013

|       |   |                                       |                      |
|-------|---|---------------------------------------|----------------------|
| <010> | Study Area Code   | 300594                                |                      |
| <015> | Study Area Name   | THE CHAMPAIGN TEL CO                  | Received & Inspected |
| <020> | Program Year  | 2015                                  |                      |
| <030> | Contact Name: Person USAC should contact with questions about this data         | Judy Christiansen                     | JUN 30 2014          |
| <035> | Contact Telephone Number:<br>Number of the person identified in data line <030> | 4028181322 ext.                       | FCC Mail Room        |
| <039> | Contact Email Address:<br>Email of the person identified in data line <030>     | jchristiansen@consortiaconsulting.com |                      |

| ANNUAL REPORTING FOR ALL CARRIERS |   |   | 54.313<br>Completion<br>Required    | 54.422<br>Completion<br>Required    |
|-----------------------------------|---|---|-------------------------------------|-------------------------------------|
| <100>                             | Service Quality Improvement Reporting                                     | (complete attached worksheet)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <200>                             | Outage Reporting (voice)  | (complete attached worksheet)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <210>                             | <input checked="" type="checkbox"/> <-- check box if no outages to report |   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <300>                             | Unfulfilled Service Requests (voice)                                      | 0   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <310>                             | Detail on Attempts (voice)  | (attach descriptive document)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <320>                             | Unfulfilled Service Requests (broadband)                                  | 0   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <330>                             | Detail on Attempts (broadband)  | (attach descriptive document)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <400>                             | Number of Complaints per 1,000 customers (voice)                          |   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <410>                             | Fixed   | 1.6                                       | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <420>                             | Mobile  | 0.0                                       | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <430>                             | Number of Complaints per 1,000 customers (broadband)                      |   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <440>                             | Fixed   | 0.0                                       | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <450>                             | Mobile  | 0.0                                       | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <500>                             | Service Quality Standards & Consumer Protection Rules Compliance          | (check to indicate certification)         | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <510>                             | 300594oh510.pdf   | (attach descriptive document)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <600>                             | Functionality in Emergency Situations                                     | (check to indicate certification)         | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <610>                             | 300594oh610.pdf   | (attach descriptive document)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <700>                             | Company Price Offerings (voice)   | (complete attached worksheet)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <710>                             | Company Price Offerings (broadband)                                       | (complete attached worksheet)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <800>                             | Operating Companies and Affiliates  | (complete attached worksheet)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <900>                             | Tribal Land Offerings (Y/N)?  | (if yes, complete attached worksheet)     | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <1000>                            | Voice Services Rate Comparability   | (check to indicate certification)         | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <1010>                            |   | (attach descriptive document)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <1100>                            | Terrestrial Backhaul (Y/N)?   | (if not, check to indicate certification) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <1110>                            |   | (complete attached worksheet)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <1200>                            | Terms and Condition for Lifeline Customers                                | (complete attached worksheet)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

**Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet**

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

|   |  |                                   |                                     |                                     |
|---|--|-----------------------------------|-------------------------------------|-------------------------------------|
| <2000>  |  | (check to indicate certification) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <2005>  |  | (complete attached worksheet)     | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet</b> |  |                                   |                                     |                                     |
| <3000>  |  | (check to indicate certification) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <3005>  |  | (complete attached worksheet)     | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

(100) Service Quality Improvement Reporting  
Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

|       |   |   |
|-------|---|---|
| <010> | Study Area Code   | 300594  |
| <015> | Study Area Name   | THE CHAMPAIGN TEL CO  |
| <020> | Program Year  | 2015  |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Judy Christiansen   |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 4028181322 ext.   |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | jchristiansen@consortiaconsulting.com                             |
| <110> | Has your company received its ETC certification from the FCC?                 | (yes / no) <input type="radio"/> <input checked="" type="radio"/> |
|       | If your answer to Line <110> is yes, do you have an existing §54.202(a) "5    |   |
| <111> | year plan" filed with the FCC?  | (yes / no) <input type="radio"/> <input type="radio"/>            |

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

300594oh112.pdf

- <112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

Name of Attached Document

Please check these boxes below to confirm that the attached documents(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

- <113> Maps detailing progress towards meeting plan targets
- <114> Report how much universal service (USF) support was received
- <115> How (USF) was used to improve service quality
- <116> How (USF) was used to improve service coverage
- <117> How (USF) was used to improve service capacity
- <118> Provide an explanation of network improvement targets not met in the prior calendar year.

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(200) Service Outage Reporting (Voice)  
Data Collection Form

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

|       |   |                                       |
|-------|---|---------------------------------------|
| <010> | Study Area Code   | 300594                                |
| <015> | Study Area Name   | THE CHAMPAIGN TEL CO                  |
| <020> | Program Year  | 2015                                  |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Judy Christiansen                     |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 4028181322 ext.                       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | jchristiansen@consortiaconsulting.com |

[illegible]

(700) Price Offerings including Voice Rate Data  
Data Collection Form  
FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

|       |   |                                       |
|-------|---|---------------------------------------|
| <010> | Study Area Code   | 300594                                |
| <015> | Study Area Name   | THE CHAMPAIGN TEL CO                  |
| <020> | Program Year  | 2015                                  |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Judy Christiansen                     |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 4028181322 ext.                       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | jchristiansen@consortiaconsulting.com |

|       |  |          |
|-------|--|----------|
| <701> | Residential Local Service Charge Effective Date    | 1/1/2014 |
| <702> | Single State-wide Residential Local Service Charge |          |

[illegible]

(710) Broadband Price Offerings  
Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

|       |   |                                       |
|-------|---|---------------------------------------|
| <010> | Study Area Code   | 300594                                |
| <015> | Study Area Name   | THE CHAMPAIGN TEL CO                  |
| <020> | Program Year  | 2015                                  |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Judy Christiansen                     |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 4028181322 ext.                       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | jchristiansen@consortiaconsulting.com |

[illegible]



(800) Operating Companies Data Collection Form FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

|       |   |                                       |
|-------|---|---------------------------------------|
| <010> | Study Area Code   | 300594                                |
| <015> | Study Area Name   | THE CHAMPAIGN TEL CO                  |
| <020> | Program Year  | 2015                                  |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Judy Christiansen                     |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 4028181322 ext.                       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | jchristiansen@consortiaconsulting.com |
| <810> | Reporting Carrier   | The Champaign Telephone Company       |
| <811> | Holding Company   | NA                                    |
| <812> | Operating Company   | NA                                    |

[illegible]

(900) Tribal Lands Reporting  
Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

|       |   |                                       |
|-------|---|---------------------------------------|
| <010> | Study Area Code   | 300594                                |
| <015> | Study Area Name   | THE CHAMPAIGN TEL CO                  |
| <020> | Program Year  | 2015                                  |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Judy Christiansen                     |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 4028181322 ext.                       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | jchristiansen@consortiaconsulting.com |

&lt;910&gt; Tribal Land(s) on which ETC Serves

&lt;920&gt; Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

| Select<br>(Yes, No,<br>NA) |
|----------------------------|
|                            |
|                            |
|                            |
|                            |
|                            |
|                            |
|                            |
|                            |
|                            |
|                            |



(1100) No Terrestrial Backhaul Reporting  
Data Collection Form

FCC Form 481

OMB Control No. 3060-0985/OMB Control No. 3060-0819  
July 2013

|       |   |                                       |
|-------|---|---------------------------------------|
| <010> | Study Area Code   | 300594                                |
| <015> | Study Area Name   | THE CHAMPAIGN TEL CO                  |
| <020> | Program Year  | 2015                                  |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Judy Christiansen                     |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 4028181322 ext.                       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | jchristiansen@consortiaconsulting.com |

<1120> Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G) ☐

<1130> Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G) ☐

(1200) Terms and Condition for Lifeline Customers  
Lifeline  
Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

|       |   |                                       |
|-------|---|---------------------------------------|
| <010> | Study Area Code   | 300594                                |
| <015> | Study Area Name   | THE CHAMPAIGN TEL CO                  |
| <020> | Program Year  | 2015                                  |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Judy Christiansen                     |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 4028181322 ext.                       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | jchristiansen@consortiaconsulting.com |

300594ch1210.pdf

&lt;1210&gt; Terms &amp; Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

&lt;1220&gt; Link to Public Website

HTTP

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- <1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☒
- <1222> Details on the number of minutes provided as part of the plan, ☒
- <1223> Additional charges for toll calls, and rates for each such plan. ☒

## (2000) Price Cap Carrier Additional Documentation

## Data Collection Form

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

|       |   |                                       |
|-------|---|---------------------------------------|
| <010> | Study Area Code   | 300594                                |
| <015> | Study Area Name   | THE CHAMPAIGN TEL CO                  |
| <020> | Program Year  | 2015                                  |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Judy Christiansen                     |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 4028181322 ext.                       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | jchristiansen@consortiaconsulting.com |

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

## Incremental Connect America Phase I reporting

<2010> 2nd Year Certification (47 CFR § 54.313(b)(1))  
 <2011> 3rd Year Certification (47 CFR § 54.313(b)(2))

☐  
☐

## Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))

<2012> 2013 Frozen Support Certification  
 <2013> 2014 Frozen Support Certification  
 <2014> 2015 Frozen Support Certification  
 <2015> 2016 and future Frozen Support Certification

☐  
☐  
☐  
☐

## Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))

<2016> Certification Support Used to Build Broadband

☐

## Connect America Phase II Reporting (47 CFR § 54.313(e))

<2017> 3rd year Broadband Service Certification  
 <2018> 5th year Broadband Service Certification  
 <2019> Interim Progress Certification  
 <2020> Please check the box to confirm that the attached document(s), on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

☐  
☐  
☐  
☐

<2021> Interim Progress Community Anchor Institutions

Name of Attached Document Listing Required Information



(3000) Rate Of Return Carrier Additional Documentation

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010> Study Area Code 300594  
 <015> Study Area Name THE CHAMPAIGN TEL CO  
 <020> Program Year 2015  
 <030> Contact Name - Person USAC should contact regarding this data Judy Christiansen  
 <035> Contact Telephone Number - Number of person identified in data line <030> 4028181322 ext.  
 <039> Contact Email Address - Email Address of person identified in data line <030> jchristiansen@consortiaconsulting.com

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

- (3010) Progress Report on 5 Year Plan  
Milestone Certification (47 CFR § 54.313(f)(1)(i))

Name of Attached Document Listing Required Information

- (3011) Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313 (f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year. ☐

- (3012) Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii))

Name of Attached Document Listing Required Information

- (3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2)) ☒ (Yes/No)  
 (3014) If yes, does your company file the RUS annual report ☒ (Yes/No)

Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

- (3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers) ☐  
 (3016) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☐

- (3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

Name of Attached Document Listing Required Information

- (3018) If the response is no on line 3014, Is your company audited? ☒ (Yes/No)

If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains

- (3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications ☒  
 (3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☒  
 (3021) Management letter issued by the independent certified public accountant that performed the company's financial audit. ☒

If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

- (3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers, ☐  
 (3023) Underlying information subjected to a review by an independent certified public accountant ☐  
 (3024) Underlying information subjected to an officer certification. ☐  
 (3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☐

300594oh3026.pdf, 300594oh3026.xlsx

- (3026) Attach the worksheet listing required information

Name of Attached Document Listing Required Information

Certification - Reporting Carrier  
Data Collection Form

FCC Form 481  
OMB Control No. 3068-0986/OMB Control No. 3050-0019  
July 2013

|       |   |                                       |
|-------|---|---------------------------------------|
| <010> | Study Area Code   | 300594                                |
| <015> | Study Area Name   | THE CHAMPAIGN TEL CO                  |
| <020> | Program Year  | 2015                                  |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Judy Christiansen                     |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 4028181322 ext.                       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | jchristiansen@consortiaconsulting.com |

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

| Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients  |                                |
|---|--------------------------------|
| I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate. |                                |
| Name of Reporting Carrier:  |                                |
| Signature of Authorized Officer:  | Date                           |
| Printed name of Authorized Officer:   |                                |
| Title or position of Authorized Officer:  |                                |
| Telephone number of Authorized Officer:   |                                |
| Study Area Code of Reporting Carrier:   | Filing Due Date for this form: |
| Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.  |                                |

**Certification - Agent / Carrier  
Data Collection Form**

 FCC Form 481  
 OMB Control No. 3050-9985/OMB Control No. 3050-0819  
 JULY 2013

|   |                                       |
|---|---------------------------------------|
| <010> Study Area Code   | 300594                                |
| <015> Study Area Name   | THE CHAMPAIGN TEL CO                  |
| <020> Program Year  | 2015                                  |
| <030> Contact Name - Person USAC should contact regarding this data                 | Judy Christiansen                     |
| <035> Contact Telephone Number - Number of person identified in data line <030>     | 4028181322 ext.                       |
| <039> Contact Email Address - Email Address of person identified in data line <030> | jchristiansen@consortiaconsulting.com |

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

| Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier   |  |
|---|--|
| I certify that (Name of Agent) <u>Judy Christiansen</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate. |  |
| Name of Authorized Agent:   | Judy Christiansen                                |
| Name of Reporting Carrier:  | THE CHAMPAIGN TEL CO                             |
| Signature of Authorized Officer:  | CERTIFIED ONLINE Date: 06/24/2014                |
| Printed name of Authorized Officer:   | Tiffany Kuivinen                                 |
| Title or position of Authorized Officer:  | CFO  |
| Telephone number of Authorized Officer:   | 9376532263 ext.                                  |
| Study Area Code of Reporting Carrier:   | 300594 Filing Due Date for this form: 07/01/2014 |
| Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.  |  |

TO BE COMPLETED BY THE AUTHORIZED AGENT:

| Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier   |  |
|--|--|
| I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate. |  |
| Name of Reporting Carrier:   | THE CHAMPAIGN TEL CO                             |
| Name of Authorized Agent or Employee of Agent:   | Judy Christiansen                                |
| Signature of Authorized Agent or Employee of Agent:  | CERTIFIED ONLINE Date: 06/24/2014                |
| Printed name of Authorized Agent or Employee of Agent:   | Judy Christiansen                                |
| Title or position of Authorized Agent or Employee of Agent:  | Consultant                                       |
| Telephone number of Authorized Agent or Employee of Agent:   | 4028181322 ext.                                  |
| Study Area Code of Reporting Carrier:  | 300594 Filing Due Date for this form: 07/01/2014 |
| Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.   |  |



## Attachments

(700) Price Offerings including Voice Rate Data  
Data Collection Form

FCC Form 481

OMB Control No. 3060-0985/OMB Control No. 3060-0819  
July 2013

|       |   |                                       |
|-------|---|---------------------------------------|
| <010> | Study Area Code   | 300594                                |
| <015> | Study Area Name   | THE CHAMPAIGN TEL CO                  |
| <020> | Program Year  | 2015                                  |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Judy Christiansen                     |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 4028181322 ext.                       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | jchristiansen@consortiaconsulting.com |

<701> Residential Local Service Charge Effective Date  
<702> Single State-wide Residential Local Service Charge

1/1/2014

<703>

[illegible]

## (710) Broadband Price Offerings

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

|       |   |                                       |
|-------|---|---------------------------------------|
| <010> | Study Area Code   | 300594                                |
| <015> | Study Area Name   | THE CHAMPAIGN TEL CO                  |
| <020> | Program Year  | 2015                                  |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Judy Christiansen                     |
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[illegible][illegible]

|    |     |       |     |       |     |     |     |                                    |
|----|-----|-------|-----|-------|-----|-----|-----|------------------------------------|
| OH | All | 55.99 | 0.0 | 55.99 | 5.0 | 5.0 | 0.0 | Other, No limit on usage allowance |
|----|-----|-------|-----|-------|-----|-----|-----|------------------------------------|

|    |     |       |     |       |      |     |     |                                    |
|----|-----|-------|-----|-------|------|-----|-----|------------------------------------|
| CH | All | 51.99 | 0.0 | 51.99 | 10.0 | 1.0 | 0.0 | Other, No limit on usage allowance |
|----|-----|-------|-----|-------|------|-----|-----|------------------------------------|

|    |     |       |     |       |      |     |     |                                    |
|----|-----|-------|-----|-------|------|-----|-----|------------------------------------|
| OH | All | 72.99 | 0.0 | 72.99 | 10.0 | 5.0 | 0.0 | Other, No limit on usage allowance |
|----|-----|-------|-----|-------|------|-----|-----|------------------------------------|

|    |     |       |     |       |      |     |     |                                    |
|----|-----|-------|-----|-------|------|-----|-----|------------------------------------|
| 00 | All | 74.88 | 0.0 | 74.88 | 30.0 | 1.0 | 0.0 | Other, No limit on usage allowance |
|----|-----|-------|-----|-------|------|-----|-----|------------------------------------|



## **The Champaign Telephone Company**

### **Functionality in Emergency Situations for Voice and Broadband Services**

#### Back-Up Power

All Central Office equipment power is backed up via an 8-hour battery system and a Kohler fixed diesel powered generator connected to a underground 2500 gallon tank.

Major remote offices have an 8-hour battery system with a fixed propane or natural gas generator. One office does not have a fixed generator, but can be powered via a mobile diesel generator stored at the Central Office garage.

Minor remote terminals have an 8-hour battery system and can be supported with one of seven portable gas generators stored at the Central Office garage.

#### Rerouting of Traffic around Damaged Facilities

All inter-carrier traffic, except for the Windstream office in St Paris, OH, are on optic rings with diverse routing within the ILEC region. St. Paris connection is provided by copper T1 spans between the two Central Offices. All DSLAM remote systems are operating on diverse route 10G optic rings supporting both voice and broadband services to customers.

#### Traffic Spikes

The voice switch network (loop carrier capacity included) is designed with a **maximum** of 4:1 oversubscription. On a normal day, our internet backbone is running at 90% capacity.

## The Champaign Telephone Company

### Lifeline Terms and Conditions

The Champaign Telephone Company (the "Company") offers Lifeline program-supported service to qualified low-income residential consumers for one telephone line per eligible household. The Lifeline program provides discounts to eligible low-income consumers to help them establish and maintain telephone service. Lifeline assistance lowers the cost of basic, monthly local telephone service. Eligible consumers can receive \$9.25 per month in discounts. In addition, the Federal Universal Service Charge is not assessed to consumers participating in Lifeline. Toll Blocking prevents the placement of all long distance calls for which a subscriber would be charged. Toll blocking is available to eligible consumers at no cost. Also, by choosing this option, consumers are usually not charged a deposit.

### Lifeline Program Eligibility Information

#### Program Based Eligibility

Consumers are eligible for Lifeline if they, one of their dependents or their household participate in one of the following qualifying assistance programs:

Medicaid  
 Federal Public Housing Assistance (Section 8)  
 Low Income Housing Energy Assistance (LIHEAP)  
 Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps)  
 Ohio Works First/Temporary Aid to Needy Families (TANF)  
 National School Lunch Program Free Lunch Program  
 Supplemental Security Income (SSI)  
 SSI – Blind and Disabled (SSDI)  
 General/Disability Assistance

Lifeline applicants must present documentation demonstrating eligibility either through participation in one of the qualifying federal assistance programs or through income-based means.

Acceptable documentation of program-based eligibility includes: current or prior year's statement of benefits from a qualifying state, federal or Tribal program; notice letter of participation in a qualifying state, federal or Tribal program; program participation documents; or another official document evidencing the consumer's participation in a qualifying state, federal or Tribal program.

#### Income Based Eligibility

In addition, consumers are eligible for Lifeline if their household income is at or below 150% of the federal poverty guidelines.

#### 2014 Federal Poverty Guidelines – 150%

| Household Size | 48 Contiguous States and D.C. |
|----------------|-------------------------------|
| 1              | \$17,505                      |
| 2              | \$23,595                      |
| 3              | \$29,685                      |
| 4              | \$35,775                      |
| 5              | \$41,865                      |
| 6              | \$47,955                      |
| 7              | \$54,045                      |
| 8              | \$60,135                      |

|                                 |         |
|---------------------------------|---------|
| For each additional person, add | \$6,090 |
|---------------------------------|---------|

Acceptable documentation of income eligibility includes: prior year's state, federal or Tribal tax return; current income statement from an employer or paycheck stub; social security statement of benefits; Veterans Administration statement of benefits; retirement/pension statement of benefits; unemployment/workmen's compensation statement of benefits; federal or Tribal notice of letter participating in General Assistance; or a divorce decree or child support award or other official document containing income information.

**Numbers of Minutes-of-Use Provided as Part of Lifeline Program Service**

The Company's Voice Lifeline service includes unlimited local minutes-of-use within the toll-free calling area. The Company's Voice Lifeline Plan does not include any free minutes-of-use for toll. Toll is billed at the standard toll rate depending on which interexchange carrier the consumer subscribes to for toll service. As part of the Lifeline service, Toll blocking is available to eligible consumers at no cost.

**Rates**

Subscribers may receive the Lifeline credit on any type or grade of local service, including bundled services that are normally offered by the Company. Advertised rates do not include any applicable taxes or surcharges.

**Recertification of Lifeline Eligibility**

Lifeline recipients are required to recertify their eligibility annually. Failure to properly recertify a recipient's continued eligibility for the Lifeline program will result in termination of the Lifeline recipient's monthly Lifeline discount and de-enrollment from the Lifeline Program.

**Additional Lifeline Program Information**

The Lifeline program is limited to one benefit per household, consisting of either wireline or wireless service. A household is defined, for purposes of the Lifeline program, as an individual or group of individuals who live together at the same address and share income and expenses. Lifeline is a government benefit program, and consumers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment or can be barred from the program.



## **The Champaign Telephone Company**

### **Certification of Compliance with Applicable Service Quality Standards and Consumer Protection Rules for Voice and Broadband Services**

Service quality standards and consumer protection rules for broadband are not as defined as the rules for voice services. The Company complies with any service quality standards and consumer protection rules for broadband that are out there now and any that will be defined in the future.

#### Service Quality Standards

For voice services, the Company:

- Provides voice grade access to the public switched network.
- Provides flat rated local exchange service with no additional charge to end users.
- Provides access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911.
- Provides toll blocking and toll limitation services.

For voice and broadband services, the Company:

- Advertises the availability of its services and the charges using media of general distribution and/or on its website.
- Maintains a business office providing customers with access to a customer service representative either in person or via a local telephone call or toll-free telephone number during business hours.
- Directs after hour calls to the Company's help desk.
- Directs trouble reports to the on-call technician.
- Tracks all service orders to ensure they are completed in a timely manner.
- Measures its service connection and service interruption performance on a regular basis.
- Trains employees to:
  - Answer all incoming calls promptly.
  - Respond to all inquiries for information promptly and courteously.
  - Investigate thoroughly all customer complaints and handle appropriately according to the Company's guidelines for resolution of customer complaints.
  - Be knowledgeable about products and service offerings so they can assist the customer with selecting the best service option.
- Has a process for periodic inspection, testing and preventive maintenance of its equipment to permit the rendering of safe, adequate and continuous service at all times.
- Meets or exceeds the standards established by the state commission and provides any reports required in accordance with the state commission's rules.

#### Consumer Protection Rules

The Company has established operating procedures designed to facilitate compliance with applicable consumer protection rules which include compliance with the Customer Proprietary Network Information (CPNI) rules. The operating procedures include:

- Appointment of a compliance officer.
- A manual detailing the specific procedures for protecting consumer information.
- Employee training on an annual basis.
- A disciplinary process for improper use of consumer information.

If complaints are filed with the Company regarding consumer protection rules, the complaint is immediately investigated, the matter tracked and any corrective action noted. This process ensures that problems are addressed and corrections made.

REDACTED - FOR PUBLIC INSPECTION

**The Champaign Telephone Company  
and Subsidiaries**

Consolidated Financial Statements

December 31, 2013 and 2012

with Independent Accountants' Review Report

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors  
The Champaign Telephone Company

We have reviewed the accompanying consolidated balance sheet of The Champaign Telephone Company and Subsidiaries of December 31, 2013, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the consolidated financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2013 consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The consolidated financial statements for the year ended December 31, 2012, were audited by other auditors, and they expressed an unqualified opinion on them in their report dated April 2, 2013, but they have not performed any auditing procedures since that date.

Springfield, Ohio  
June 16, 2014



The Champaign Telephone Company and Subsidiaries  
Consolidated Balance Sheets  
December 31, 2013 and 2012

Assets

|   | <u>2013</u>   | <u>2012</u> |
|---|---------------|-------------|
| Current assets:   |               |             |
| Cash and cash equivalents   | \$ [REDACTED] | [REDACTED]  |
| Accounts receivable, less allowance of [REDACTED] in 2013<br>and [REDACTED] in 2012 | [REDACTED]    | [REDACTED]  |
| Other receivables   | [REDACTED]    | [REDACTED]  |
| Income tax receivable   | [REDACTED]    | [REDACTED]  |
| Materials and supplies  | [REDACTED]    | [REDACTED]  |
| Prepaid expenses  | [REDACTED]    | [REDACTED]  |
| Deferred income tax   | [REDACTED]    | [REDACTED]  |
| Noncurrent assets:  |               |             |
| Investments   | [REDACTED]    | [REDACTED]  |
| Property and equipment:   |               |             |
| Telecommunications plant in service   | [REDACTED]    | [REDACTED]  |
| Less accumulated depreciation   | [REDACTED]    | [REDACTED]  |
|   | \$ [REDACTED] | [REDACTED]  |

The Champaign Telephone Company and Subsidiaries  
Consolidated Balance Sheets (Continued)  
December 31, 2013 and 2012

Liabilities and Shareholders' Equity

|                                  | 2013          | 2012       |
|----------------------------------|---------------|------------|
| Current liabilities:             |               |            |
| Notes payable, current portion   | \$ [REDACTED] | [REDACTED] |
| Accounts payable                 | [REDACTED]    | [REDACTED] |
| Accrued expenses                 | [REDACTED]    | [REDACTED] |
| Dividends payable                | [REDACTED]    | [REDACTED] |
| Income tax payable               | [REDACTED]    | [REDACTED] |
| Deferred revenue                 | [REDACTED]    | [REDACTED] |
| Non-current liabilities:         |               |            |
| Notes payable, long-term portion | [REDACTED]    | [REDACTED] |
| Deferred revenue                 | [REDACTED]    | [REDACTED] |
| Deferred federal income taxes    | [REDACTED]    | [REDACTED] |
| Shareholders' equity:            |               |            |
| Common stock                     | [REDACTED]    | [REDACTED] |
| Treasury stock                   | [REDACTED]    | [REDACTED] |
| Retained earnings                | [REDACTED]    | [REDACTED] |
|                                  | \$ [REDACTED] | [REDACTED] |

The Champaign Telephone Company and Subsidiaries  
Consolidated Statements of Income  
Years Ended December 31, 2013 and 2012

|  | 2013          | 2012       |
|--|---------------|------------|
| Revenues:  |               |            |
| Local service  | \$ [REDACTED] | [REDACTED] |
| Network access, billing and collection                     | [REDACTED]    | [REDACTED] |
| [REDACTED] video   | [REDACTED]    | [REDACTED] |
| Internet   | [REDACTED]    | [REDACTED] |
| Miscellaneous  | [REDACTED]    | [REDACTED] |
| Operating costs:   |               |            |
| Costs of providing services                                | [REDACTED]    | [REDACTED] |
| Corporate operations                                       | [REDACTED]    | [REDACTED] |
| Depreciation and amortization                              | [REDACTED]    | [REDACTED] |
| Other operating taxes                                      | [REDACTED]    | [REDACTED] |
| Operating income   | [REDACTED]    | [REDACTED] |
| Other income (expense):                                    |               |            |
| Investment income  | [REDACTED]    | [REDACTED] |
| Loss on [REDACTED]   | [REDACTED]    | [REDACTED] |
| Gain on sale of messaging center and non-compete agreement | [REDACTED]    | [REDACTED] |
| Gain on disposal of assets                                 | [REDACTED]    | [REDACTED] |
| Gain on termination of postretirement benefit plan         | [REDACTED]    | [REDACTED] |
| Interest expense   | [REDACTED]    | [REDACTED] |
| Income before taxes  | [REDACTED]    | [REDACTED] |
| Income taxes   | [REDACTED]    | [REDACTED] |
| Net income   | \$ [REDACTED] | [REDACTED] |

REDACTED - FOR PUBLIC INSPECTION

The Champaign Telephone Company and Subsidiaries  
Consolidated Statements of Comprehensive Income  
Years Ended December 31, 2013 and 2012

|  | <u>2013</u>   | <u>2012</u> |
|--|---------------|-------------|
| Net income   | \$ [REDACTED] | [REDACTED]  |
| Other comprehensive income:  |               |             |
| Gain on termination of postretirement benefit plan<br>(net of deferred income tax expense of [REDACTED]) | [REDACTED]    | [REDACTED]  |
| Comprehensive income   | \$ [REDACTED] | [REDACTED]  |

See independent accountants' review report.  
See accompanying notes to the financial statements.



The Champaign Telephone Company and Subsidiaries  
Consolidated Statements of Shareholders' Equity  
Years Ended December 31, 2013 and 2012

|  | Common<br>Stock | Treasury<br>Stock | Retained<br>Earnings | Total |
|--|-----------------|-------------------|----------------------|-------|
| Balance, January 1, 2012   |                 |                   |                      |       |
| Dividends paid   |                 |                   |                      |       |
| Treasury stock purchase  |                 |                   |                      |       |
| Termination of accrued postretirement<br>healthcare liability, net of deferred<br>tax expense of |                 |                   |                      |       |
| Net income   |                 |                   |                      |       |
| Balance, December 31, 2012   | \$              |                   |                      |       |
| Dividends paid   |                 |                   |                      |       |
| Treasury stock purchase  |                 |                   |                      |       |
| Net income   |                 |                   |                      |       |
| Balance, December 31, 2013   | \$              |                   |                      |       |

The Champaign Telephone Company and Subsidiaries  
Consolidated Statements of Cash Flows  
Years Ended December 31, 2013 and 2012

|  | 2013          | 2012       |
|--|---------------|------------|
| Cash flows from operating activities:  |               |            |
| Net income   | \$ [REDACTED] | [REDACTED] |
| Adjustments used to reconcile net loss to net cash used by operating activities: |               |            |
| Depreciation   | [REDACTED]    | [REDACTED] |
| Provision for doubtful accounts  | [REDACTED]    | [REDACTED] |
| Equity loss from investments   | [REDACTED]    | [REDACTED] |
| Gain on disposal of assets   | [REDACTED]    | [REDACTED] |
| Loss on [REDACTED]   | [REDACTED]    | [REDACTED] |
| Gain on sale of messaging center and noncompete                                  | [REDACTED]    | [REDACTED] |
| Change in deferred federal income taxes  | [REDACTED]    | [REDACTED] |
| Effects of change in operating assets and liabilities:                           |               |            |
| Accounts receivable  | [REDACTED]    | [REDACTED] |
| Materials and supplies   | [REDACTED]    | [REDACTED] |
| Prepaid expenses   | [REDACTED]    | [REDACTED] |
| Accounts payable   | [REDACTED]    | [REDACTED] |
| Accrued liabilities  | [REDACTED]    | [REDACTED] |
| Dividends payable  | [REDACTED]    | [REDACTED] |
| Accrued postretirement healthcare expense  | [REDACTED]    | [REDACTED] |
| Net cash provided by operating activities  | [REDACTED]    | [REDACTED] |
| Cash flows from investing activities:  |               |            |
| Proceeds from sale of messaging center and noncompete                            | [REDACTED]    | [REDACTED] |
| Proceeds from redemption of investment   | [REDACTED]    | [REDACTED] |
| Purchase of property and equipment   | [REDACTED]    | [REDACTED] |
| Net cash used in investing activities  | [REDACTED]    | [REDACTED] |
| Cash flows from financing activities:  |               |            |
| Payments on note payable   | [REDACTED]    | [REDACTED] |
| Treasury stock purchase  | [REDACTED]    | [REDACTED] |
| Dividends paid   | [REDACTED]    | [REDACTED] |
| Net cash used in financing activities  | [REDACTED]    | [REDACTED] |
| Increase (decrease) in cash and cash equivalents                                 | [REDACTED]    | [REDACTED] |
| Cash and cash equivalents, beginning of year                                     | [REDACTED]    | [REDACTED] |
| Cash and cash equivalents, end of year   | [REDACTED]    | [REDACTED] |
| Supplemental disclosures of cash flow information:                               |               |            |
| Interest   | [REDACTED]    | [REDACTED] |
| Income taxes   | [REDACTED]    | [REDACTED] |

See independent accountants' review report.  
See accompanying notes to the financial statements.

The Champaign Telephone Company and Subsidiaries  
Notes to the Consolidated Financial Statements  
December 31, 2013 and 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Nature of operations**

The Champaign Telephone Company is an independent telephone company that provides telecommunications services to individuals and businesses located in Champaign County, Ohio. The Company also provides access services to interexchange carriers who sell long distance telephone service to their subscribers.

CT Communications Inc. provides long-distance, Internet, message center services and other non-regulated services.

CT Communications Network, Inc., is a CLEC (Competitive Local Exchange Carrier). The Company provides telephone and internet service outside the Company's local exchange. It also provides video service, under the brand name [REDACTED] both inside and outside the Company's local exchange.

**Principles of consolidation**

The financial statements consolidate the accounts of The Champaign Telephone Company, CT Communications, Inc. and CT Communications Network, Inc. All significant intercompany accounts and transactions have been eliminated.

**Significant accounting policies**

The Company maintains its accounts in accordance with the Uniform System of Accounts prescribed for telephone companies by the Federal Communications Commission (FCC). The financial statements reflect the application of the significant accounting policies described in this note and have been prepared in conformity with accounting principles generally accepted in the United States of America.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and cash equivalents**

For purposes of the accompanying combined financial statements, the Companies consider all highly liquid debt instruments with a maturity of one month or less, when acquired, to be cash equivalents. Cash equivalents consist primarily of money market accounts.

**Accounts receivable**

Accounts receivable from customers are carried at their billed amounts. Credit is generally extended on a short-term basis; thus receivables do not bear interest, although a late payment charge may be applied to receivables that are past due. Receivables are periodically evaluated for collectability based on the past credit history of the customer. Accounts deemed to be uncollectible by management are charged against the bad debt reserve and sent to collection. Provisions for losses are determined on the basis of known and inherent risk in accounts receivable.



The Champaign Telephone Company and Subsidiaries  
Notes to the Consolidated Financial Statements (Continued)  
December 31, 2013 and 2012

**Materials and supplies**

Materials and supplies are stated at average cost.

**Telephone plant and depreciation**

Telecommunications plant is stated at the original cost of construction including capitalized payroll related expenses and an allowance for funds used during construction (AFUDC). No AFUDC was capitalized in 2013 and 2012. The original cost of depreciable property retired, together with removal cost less salvage realized is charged to accumulated depreciation. No gain or loss is recognized in connection with ordinary retirements of depreciable property. Maintenance, repairs, and minor renewals are expensed as incurred.

Depreciation on telecommunications plant for financial statement purposes is computed by the use of the straight-line method, which is estimated to allocate the cost of depreciable plant equally over its estimated service life. Lives used are those approved by the Public Utilities Commission of Ohio (PUCO).

**Revenues**

Local service revenues are derived from local telephone exchange service within Champaign and Logan counties. The rates at which the Company can charge a customer for this service are approved by the PUCO.

Compensation for interstate access services is received through tariffed access charges filed by NECA with the Federal Communications Commission (FCC) on behalf of the member companies. These access charges are billed by the Company to the interstate interexchange carriers, and pooled with like revenues from all NECA member companies. The portion of the pooled access charge revenue received by the Company is based upon its actual cost of providing interstate access service, plus a return on the investment dedicated to providing that service.

Compensation for intrastate access services is received through tariffed access charges filed with the PUCO. These access charges are billed to the intrastate long distance toll carriers and retained by the Company. The Company has also negotiated contracts for the provision of billing and collection services and received compensation for this service.

Directory revenues result from billings charged for yellow pages advertising and other directory listing charges. Internet charges are billed to customers based on a monthly service charge. All local and access revenues are recognized in the period in which they are earned regardless of the period in which they are billed.

**Income taxes**

The provision for income taxes includes the tax effects of transactions reported in the financial statements and consists of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The deferred tax asset / (liability) represents the future tax return benefits / (consequences) of these differences.

The Company's income tax filings are subject to audit by various taxing authorities. The Company's audit periods prior to 2010 have been closed. In evaluating the Company's tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations and tax planning strategies are considered. The Company believes their estimates are appropriate based on current facts and circumstances.



The Champaign Telephone Company and Subsidiaries  
Notes to the Consolidated Financial Statements (Continued)  
December 31, 2013 and 2012

**Deferred taxes**

Deferred taxes are provided on temporary differences arising from assets and liabilities whose basis are different for financial reporting and income tax purposes, primarily due to depreciable assets, bad debt reserves and postretirement benefits.

**Investments**

Investments carried at cost that are not readily marketable are valued at cost unless a significant known impairment exists at which time they are reduced to fair market value.

**Concentration of risk**

For investment purposes, the Companies have deposits on account with financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2013, the Companies cash balances were in excess of the FDIC insurance. The Companies have not experienced any losses on such accounts.

**Reclassifications**

Certain amounts in the December 31, 2012 financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

**Subsequent events**

The Companies evaluate events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through June 16, 2014, the date on which the financial statements were available to be issued.

**2. ACCOUNTS RECEIVABLE:**

The Company's business activity consists primarily of providing local telephone service to customers residing in Champaign County, Ohio and connecting various long distance telephone carriers to these customers. Net receivables from long distance carriers as of December 31, 2013 and 2012 were unsecured and totaled [REDACTED] and [REDACTED] respectively. The Company does not require collateral or other security from long distance carriers.

**3. INVESTMENTS:**

The Company holds [REDACTED] patronage equity shares of [REDACTED] and [REDACTED] at December 31, 2013 and 2012, respectively. The investment is stated at cost and has not been tested for impairment. Complete liquidation of this investment is expected over the next five years.

**4. SHAREHOLDERS' EQUITY:**

Common stock has [REDACTED] shares authorized at a par value of [REDACTED] per share. At December 31, 2013 and 2012, [REDACTED] and [REDACTED] shares respectively, were issued and outstanding. In 2013, the Board passed a motion to repurchase [REDACTED] shares of stock whose accumulated value was [REDACTED]. At December 31, 2013 and 2012, [REDACTED] and [REDACTED] shares respectively, were in treasury.

The Champaign Telephone Company and Subsidiaries  
Notes to the Consolidated Financial Statements (Continued)  
December 31, 2013 and 2012

The number of shares outstanding and historical book value, dividend, net income, and operating cash flow per outstanding common shares as of December 31 are as follows:

|  | 2013 | 2012 |
|--|------|------|
| Number of shares of common stock outstanding |      |      |
| Book value - per share                       | \$   | \$   |
| Dividend - per share                         | \$   | \$   |
| Net income - per share                       | \$   | \$   |
| Operating cash flow - per share              | \$   | \$   |

**5. PROPERTY AND EQUIPMENT:**

The major classes of property are listed below:

Telecommunications plant:

|                                | 2013 | 2012 |
|--------------------------------|------|------|
| Land and buildings             | \$   | \$   |
| Central office equipment       |      |      |
| Customer premise equipment     |      |      |
| Telephone distribution plant   |      |      |
| Furniture and office equipment |      |      |
| General purpose computers      |      |      |
| Vehicles                       |      |      |
| Other work equipment           |      |      |
| Internet equipment             |      |      |
| Message center equipment       |      |      |
| Total                          | \$   | \$   |

**6. LONG-TERM DEBT:**

In 2010, the Company entered into a loan agreement with [REDACTED] to finance the buyback of company stock and close out a loan with [REDACTED]. The agreement established a loan of [REDACTED] at a [REDACTED] interest rate per annum. In February 2011 the Company started to repay the loan in sixty equal monthly payments of [REDACTED] plus interest.

The loan was renewed on May 3, 2013 with a balance of [REDACTED] at an interest rate of [REDACTED] per annum. For eight months beginning May 3, 2013, interest payments of [REDACTED] per annum on the outstanding principal balance were due. Twenty-four monthly principal and interest payments of [REDACTED] each are due beginning on January 11, 2014. All unpaid principal and interest are due at maturity, January 11, 2016.

The Company also has a secured line of credit with [REDACTED] for up to [REDACTED] which expires on December 5, 2014. The security agreement gives the Bank a security interest in all the Company's business assets. Currently nothing has been borrowed against this note. The interest rate charged on any funds that are borrowed would be the greater of [REDACTED] or the Prime Rate as reported by the Wall Street Journal.

See independent accountants' review report

The Champaign Telephone Company and Subsidiaries  
Notes to the Consolidated Financial Statements (Continued)  
December 31, 2013 and 2012

During 2013 and 2012, interest expense on the note payable totaled [REDACTED] and [REDACTED] respectively.

The following summarizes estimated future principal payments as of December 31, 2013:

|       |               |
|-------|---------------|
| 2014  | \$ [REDACTED] |
| 2015  | [REDACTED]    |
| Total | \$ [REDACTED] |

## 7. INCOME TAXES:

The provision for income taxes consists of the following:

|          | 2013          |               | 2012          |               |
|----------|---------------|---------------|---------------|---------------|
|          | Federal       | State & local | Federal       | State & local |
| Current  | \$ [REDACTED] | \$ [REDACTED] | \$ [REDACTED] | \$ [REDACTED] |
| Deferred | [REDACTED]    | [REDACTED]    | [REDACTED]    | [REDACTED]    |
| Total    | \$ [REDACTED] | \$ [REDACTED] | \$ [REDACTED] | \$ [REDACTED] |

The Champaign Telephone Company and its subsidiaries file consolidated returns for federal income tax purposes.

The net deferred income tax liability at December 31, 2013 and 2012 consists of the following:

|  | 2013       | 2012       |
|--|------------|------------|
| Depreciation differences               | [REDACTED] | [REDACTED] |
| Future municipal book to tax deduction | [REDACTED] | [REDACTED] |
| Other                                  | [REDACTED] | [REDACTED] |

The Company's net deferred tax asset and liability consists of:

|                               | 2013          | 2012          |
|-------------------------------|---------------|---------------|
| <u>Current</u>                |               |               |
| Deferred tax asset            | \$ [REDACTED] | \$ [REDACTED] |
| <u>Non-Current</u>            |               |               |
| Deferred tax assets           | [REDACTED]    | [REDACTED]    |
| Deferred tax liabilities      | [REDACTED]    | [REDACTED]    |
| Net non-current tax liability | [REDACTED]    | [REDACTED]    |
| Net deferred tax liability    | \$ [REDACTED] | \$ [REDACTED] |



The Champaign Telephone Company and Subsidiaries  
Notes to the Consolidated Financial Statements (Continued)  
December 31, 2013 and 2012

**8. EMPLOYEE BENEFIT PLANS:**

The Company sponsors a 401k plan (defined contribution plan) and corresponding profit sharing plan covering substantially all employees. The Company contributes [REDACTED] for every [REDACTED] deferred by a participant up to the first [REDACTED] of the employee's salary. Contribution expenses for the 401k plan in 2013 and 2012 were [REDACTED] and [REDACTED] respectively. In addition, in 2013 the Company contributed [REDACTED] to the profit sharing plan.

**9. CONCENTRATIONS:**

A portion of the Company's workforce is subject to collective bargaining agreements and these agreements expire August 31, 2014.

**10. [REDACTED]:**

CT Communications, Inc. (a wholly owned subsidiary of Champaign Telephone Company, Inc.) owned a [REDACTED] interest in [REDACTED], [REDACTED], [REDACTED] and [REDACTED].

The Company's [REDACTED] investments were all accounted for using the equity method. Under the equity method of accounting the investment is carried at cost, adjusted for the Company's proportionate share of undistributed earnings or losses. [REDACTED] is a sales and marketing firm that sells and markets fiber facilities. [REDACTED] was established to build a fiber optic ring around [REDACTED] Ohio. [REDACTED] was established to construct a fiber line connecting the [REDACTED] and [REDACTED] Ohio fiber rings. CT Communications, Inc.'s equity investment in the various [REDACTED] entities was [REDACTED] at December 31, 2012.

Effective December 31, 2013 CT Communications, Inc. reached a [REDACTED] with the various [REDACTED] entities in which the Company had an ownership interest. As part of the [REDACTED] CT Communications, Inc. relinquished all ownership interests in the [REDACTED] entities. The [REDACTED] also required CT Communications Network, Inc. to transfer certain fiber and cables with all underlying rights and property of its [REDACTED] assets to [REDACTED].

The loss on the [REDACTED] totaled [REDACTED] which was recognized by the company in 2013.

**11. SALE OF MESSAGING CENTER:**

On March 15, 2013 CT Communications, Inc. sold its message center answering service business. The gross selling price of the message center business totaled [REDACTED] and included amounts for customer accounts, goodwill, equipment and a 2 year non-compete agreement. CT Communications, Inc. was required to pay a [REDACTED] broker fee of [REDACTED] on the transaction. In 2013 the net gain recognized by the Company on the sale of the messaging center totaled [REDACTED].



The Champaign Telephone Company and Subsidiaries  
Notes to the Consolidated Financial Statements (Continued)  
December 31, 2013 and 2012

**12. SUBSEQUENT EVENTS:**

The [REDACTED] requires CT Communications Network, Inc. to purchase fiber-optic cable from [REDACTED] for [REDACTED]. The fiber-optic cable will be used or sold in the normal course of the Company's operations.

In April 2014, the Company paid off the long-term debt with [REDACTED] which was scheduled to mature in January, 2016.

## REDACTED - FOR PUBLIC INSPECTION

### Five-Year Plan The Champaign Telephone Company

Pursuant to 47 C.F.R. 54.202(a)(1)(ii), The Champaign Telephone Company submits a five-year plan that describes with specificity proposed improvements or upgrades to its network throughout its proposed service area. The Champaign Telephone Company also provides estimates regarding the area and population that will be served as a result of the improvements. This plan is based on The Champaign Telephone Company's current business and financial conditions and is subject to change as a result of changes in those conditions.

Pursuant to 47 C.F.R. 54.313, in each subsequent year, The Champaign Telephone Company will file a progress report on its five-year service quality improvement plan pursuant to 54.202(a), including maps detailing its progress towards meeting its plan targets, an explanation of how much universal service support was received and how it was used to improve service quality, coverage, or capacity, and an explanation regarding any network improvement targets that have not been fulfilled in the prior calendar year.

As of January 1, 2014, approximately [REDACTED] in the Champaign exchange have access to broadband Internet service through The Champaign Telephone Company's fiber optic and or copper facilities. Subscribers served by these facilities have access that meets or exceeds the 4/1 Mbps standard. No capital improvements are required for those subscribers meeting the 4/1 Mbps standard other than maintenance of facilities and as such, no capital investment to these subscribers is outlined in this plan.

The remaining [REDACTED] in the Champaign exchange who do not have broadband Internet service meeting the 4/1 Mbps standard, will be provided service at the 4/1 Mbps standard upon a reasonable request. Upon a reasonable request, The Champaign Telephone Company will provide broadband Internet service meeting the 4/1 Mbps standard by installing the necessary electronics for the requesting subscriber.

Although no capital improvements are required in the Champaign exchange to bring subscribers to the 4/1 Mbps standard, The Champaign Telephone Company incurred approximately [REDACTED] in depreciation expense and [REDACTED] in on-going maintenance and operating expenses in calendar year 2013. It is reasonable to expect depreciation, maintenance, and operating expenses for the 2015 through 2019 calendar years.

# REDACTED - FOR PUBLIC INSPECTION

Five - Year Plan Template  
The Champaign Telephone Company  
Champaign Wire Center

| Year #                          | Planned Dollar Amount<br>Capital Improvement<br>(CAPx) | Estimated # of Square<br>Miles Served by<br>Capital Improvement | Estimated Population<br>Served By<br>Capital Improvement | Depreciation Expense<br>Associated with Network<br>Improvements<br>Years 1 through 5 (Note 1) | Depreciation Expense<br>Associated with Network<br>Improvements<br>for Years Prior to Year 1 | On-going Maintenance/<br>Operating Expense |
|---------------------------------|--|---|--|---|--|--|
| Existing Expense- Total Company | x  | x   | x  | x   | \$   | \$   |
| 1 01/01/2015 to 12/31/2015      | \$   |   |  | NA  | x  | x  |
| 2 01/01/2016 to 12/31/2016      | \$   |   |  | NA  | x  | x  |
| 3 01/01/2017 to 12/31/2017      | \$   |   |  | NA  | x  | x  |
| 4 01/01/2018 to 12/31/2018      | \$   |   |  | NA  | x  | x  |
| 5 01/01/2019 to 12/31/2019      | \$   |   |  | NA  | x  | x  |

Note 1: Since no incremental capital is forecasted through 2019 for broadband deployment, no Incremental depreciation expense is forecasted through 2019.

Depreciation expense for The Champaign Telephone Company was approximately [REDACTED] in 2013.

On-going operating expenses excluding depreciation expense was approximately [REDACTED] for The Champaign Telephone Company in 2013.